



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 918

DATE: July 2, 2010

TO: Iowa Medicaid providers in the following categories:

- Advanced Registered Nurse Practitioners (including Certified Nurse Midwives)
- Ambulance Services
- Ambulatory Surgical Centers
- Audiologists and Hearing Aid Dealers
- Behavioral Health
- Birth Centers
- Chiropractors
- Clinics
- Dental Services
- Durable Medical Equipment (DME)
- Home Health Agencies
- Iowa Medicaid Hospitals (Excluding Critical Access Hospitals)
- Independent Laboratories
- Occupational Therapists
- Lead Inspection Agencies
- Maternal Health Centers
- Non-State-owned Psychiatric Medical Institutions for Children (PMIC)
- Optometrists and Opticians
- Orthopedic Shoe Dealers
- Pharmacy
- Physical Therapists
- Physicians (excluding services billed to the IowaCare program except for preventative examinations)
- Podiatrists
- Psychologists
- Rehabilitation Agencies
- Remedial Services
- Screening Centers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Reimbursement Reductions Announced Previously Continue

EFFECTIVE: July 1, 2010

On October 8, 2009 Governor Culver issued Executive Order 19 which mandated a 10 percent across-the-board cut in state government spending. As a result, the Department of Human Services enacted rule changes as part of the effort to achieve the savings required in the executive order. Some of those changes decreased Medicaid reimbursement, which was announced to affected providers in a series of Informational Letters in November of 2009. Rule changes at the time only informed reductions through fiscal year 2010, meaning they would end on June 30, 2010.

This announcement informs providers that legislation enacted by the 2010 General Assembly (H.F. 2526) and corresponding new rule changes will make many of the rate reductions ongoing.

For all provider categories listed above, the reduction previously announced through June 30, 2010 (that now continue) is a 5% rate cut except for:

- Services delivered by **dentists** remain at a 2.5% reduction.
- **Home health** continues per the changes announced in Informational Letter 891 (March of 2010).
- **Remedial and non-State-owned PMIC** were also discussed in Informational Letter 891; however that letter states that the rate cap is lowered to 95% of what was in effect on November 30, 2009. Rules for both Remedial and PMIC allow the cap to change annually. Therefore the methodology is: the lower of a provider's cost or cap calculation less 5%.
- **All pharmacy** program changes previously detailed in Informational Letter 865 continue.
- **DME** changes described in Informational Letter 868 also continue. Please also refer to Informational Letter 913 for a few additional reductions as well.

As previously announced, this change does not include services rendered by critical access hospitals or services billed under the IowaCare program.

The rule changes should be posted by June 19, 2010 on the administrative rule pages of the DHS Office of Policy Analysis website: <http://www.dhs.state.ia.us/policyanalysis/RulesPages/Rules.htm>, and are projected to be published with the June 30, 2010 Iowa Administrative Bulletin.

The IME appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, locally (in Des Moines) at 256-4609 or by e-mail at imeproviderservices@dhs.state.ia.us.